

**INTERCONNECTION AGREEMENT
BETWEEN
THE CITY OF SANTA CLARA, CALIFORNIA
AND
AMERESCO SANTA CLARA LLC**

This Interconnection Agreement ("Agreement") is made and entered into on this _____ day of _____, 2008 (the "Effective Date") by and between Ameresco Santa Clara LLC, a Delaware limited liability company ("Generator") and the City of Santa Clara, California, a chartered California municipal corporation ("City"), (referred to herein individually as a "Party" or collectively as the "Parties" or the "Parties to this Agreement").

RECITALS

A. Generator has leased certain real property ("Premises") from City and intends to construct or cause to be constructed, own and operate a landfill gas-fueled generating facility ("Facility") on the Premises, all in accordance with that certain *Lease and Landfill Gas Purchase Agreement* ("Lease") by and between Generator and City dated February 12, 2008, and to sell electricity produced by the Facility to City's electric utility, Silicon Valley Power ("SVP"), pursuant to that certain *Power Purchase and Sale Agreement for Electricity from Qualifying Renewable Resources* ("PPA") by and between Generator and City, dated February 12, 2008.

B. Generator has filed a *Generating Facility Interconnection Application* ("Application") with City for approval to interconnect the Facility with the electric distribution system ("System") owned by City and operated by SVP for the purpose of implementing the provisions of the PPA.

C. City has reviewed, and as of August 21, 2008, has approved Generator's engineering drawings as required under Section 6.03 of the PPA. City has determined that the Facility may be interconnected with the System, subject to the terms and conditions contained herein, and as depicted in the One-Line Diagram attached hereto as Exhibit "A."

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1.0 SCOPE OF AGREEMENT

This Agreement addresses only interconnection services and protocols for the Facility. The purchase or delivery of power and other services are covered under separate agreements.

2.0 TERM OF AGREEMENT

The term of this Agreement shall commence on the Effective Date, and shall continue in effect for twenty (20) years after the Operations Date (as defined in the PPA), and shall be

subject to renewal, all as more specifically provided in the Lease and the PPA.

3.0 TECHNICAL STANDARDS

The requirements for the design and construction of the Facility and the interconnection facilities shall be as set forth in the PPA and the Application. The Facility and all associated interconnection facilities shall be operated in accordance with Accepted Industry Practice. As used herein, Accepted Industry Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expediency. Accepted Industry Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted with respect to similar facilities in the State of California.

4.0 PERMITS

Each Party shall at all times comply with all laws, ordinances, rules and regulations applicable to it. Generator shall obtain and maintain all permits, licenses, or approvals required by law, by the City of Santa Clara, or by any other governmental entity, for the construction, ownership, operation, and maintenance of the Facility and shall pay its respective charges and fees in connection therewith.

5.0 INTERCONNECTION EQUIPMENT

As provided in Section 6.03 of the PPA, City shall provide the necessary transformer and all initial capital improvements necessary to interconnect the Facility to the System, including without limitation:

- all equipment on the upstream side of the low voltage terminations on the station transformer;
- remote read bi-directional meter and associated equipment, including but not limited to required conduit, cable, terminations and phone line installation; provided that Generator will provide, at City's expense, a metering compartment in its NEMA 3R switchboard for the meter;
- single-point main disconnect; provided that Generator will provide, at City's expense, a location for the disconnect in Generator's NEMA 3R switchboard;
- modifications to the Premises required for the installation of City-provided equipment, except that Generator will provide site grading as necessary to prepare the Premises for the construction and interconnection of the Facility.

Generator will coordinate with City to complete terminations from the City-supplied Grounding Bank to the Generator-supplied Beckwith M-3410A grid protection package. City shall design, install, operate, own and maintain all interconnection equipment in a safe and prudent manner and at City's sole cost and expense. Neither Party shall replace or alter such equipment without providing advance oral or written notice to the other Party, and shall

in no event permit such replacement or alteration to materially interfere with the operation of the Facility.

6.0 INTERCONNECTION

6.1

The Parties understand and acknowledge that the Facility must be placed in service prior to January 1, 2009 in order for Generator to qualify for federal electricity production tax credits. To this end, City will, unless prevented by Force Majeure (as defined in the PPA), complete construction and installation of, and cooperate with Generator in testing, those portions of the interconnection facilities necessary to: a) place the Facility in service; and b) initiate parallel operation and deliver electricity for at least ten (10) minutes through the interconnection into the System prior to January 1, 2009. The Parties agree that time is of the essence with respect to this obligation. The Parties further acknowledge that following the initiation of operations as described above, the City may, if necessary, complete construction and installation of additional interconnection facilities as necessary for long-term operation of the interconnection, consistent with the terms of this Agreement and the PPA.

6.2

Generator shall not connect its Facility, or any portion thereof, to the System until written approval of the interconnection has been given to Generator by City, which approval shall not be unreasonably withheld, conditioned or delayed. City shall have the right to have representatives present at the initial testing of the Facility, and shall be notified forty-eight (48) hours in advance of said initial testing.

6.3

Generator shall deliver the Product (as defined in the PPA) from the Facility to the interconnection point between the Facility and the System.

7.0 INTERRUPTION

7.1 Temporary Disconnection

Temporary disconnection shall continue only for so long as is reasonably necessary under Accepted Industry Practice.

7.2 Emergency Condition

"Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the City, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the System, the City's interconnection facilities, or the transmission systems of others to which the System is directly connected; or (3) that, in the case of the Generator, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Facility. Under Emergency Conditions, the City may immediately suspend interconnection service and temporarily disconnect the Facility from the System. The City shall notify the Generator promptly when it becomes aware of an Emergency

Condition that may reasonably be expected to affect the operation of the Facility. The Generator shall notify the City promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the System. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

7.3 Routine Maintenance, Construction, and Repair

The City may suspend interconnection service or curtail the output of the Facility and temporarily disconnect the Facility from the System when necessary for routine maintenance, construction, and repairs on the System. The City shall provide the Generator with five (5) business days oral or written notice prior to such interruption. The City shall use reasonable efforts to coordinate such reduction or temporary disconnection with the Generator.

7.4 Forced Outages

During any forced outage, the City may suspend interconnection service to effect immediate repairs on the System. The City shall use reasonable efforts to provide Generator with prior oral or written notice of such suspension. If prior notice is not given, City shall, upon request, provide the Generator written documentation after the fact explaining the circumstances of the disconnection.

7.5 Adverse Operating Effects

The City shall notify the Generator as soon as practicable if, based on Accepted Industry Practice, operation of the Facility may cause disruption or deterioration of service to other City utility customers, or if operating the Facility could cause damage to the System. Supporting documentation used to reach the decision to disconnect shall be provided to the Generator upon request. If, after notice, the Generator fails to remedy the adverse operating effect within a reasonable time, the City may disconnect the Facility from the System. The City shall provide Generator with five (5) business days oral or written notice of such disconnection, unless the provisions of Article 7.2 apply.

7.6 Modification of the Facility

The Generator must receive written authorization from the City before making any change to the Facility that may have a material impact on the safety or reliability of the System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Accepted Industry Practice and with all required permits. If the Generator makes such modification without the City's prior written authorization, the City shall have the right to temporarily disconnect the Facility.

7.7 Reconnection

The Parties shall cooperate with each other to restore the Facility, interconnection facilities, and the System to their normal operating state as soon as is reasonably practicable following a temporary disconnection.

8.0 RIGHT OF ACCESS

In addition to the rights of access to the Premises granted to City as provided in Section 6.B of the Lease or Section 3.03 of the PPA, City personnel may enter the Premises as reasonably required, and subject to the conditions set forth in, Article 7 of this Agreement relating to temporary disconnection of the Facility.

9.0 TERMINATION

9.1

The Parties intend for this Agreement to remain in effect for so long as the Lease and the PPA remain in effect. Notwithstanding any other provision to the contrary, this Agreement may be earlier terminated by mutual written agreement of the Parties. In addition, City may terminate this Agreement for any material violation of its terms, except that City may not terminate the Agreement if such violation (other than the payment of money) is the result of a Force Majeure Event as defined in the PPA, or the result of an act or omission of City. Prior to exercising its right to terminate hereunder, City shall first provide Generator written notice of the alleged violation and Generator shall have sixty (60) calendar days from receipt of such notice to cure the violation. If a violation is not capable of cure within sixty (60) days, Generator shall commence such cure within twenty (20) calendar days after notice and continuously and diligently pursue such cure to completion.

9.2

Generator may terminate this Agreement if the following conditions are met: (1) Generator provides notice to City that it desires to terminate this Agreement; (2) Generator has permanently disconnected the Facility from the System; and (3) City has verified that such disconnection has occurred.

9.3

Any obligation to pay amounts due for services provided prior to termination shall survive termination of this Agreement.

10.0 LIMITATION OF LIABILITY AND INDEMNIFICATION

10.1

Each Party agrees to defend, indemnify, and hold each other, and their respective officers, directors, employees and agents, harmless from and against all claims, demands, losses, liabilities, and expenses (including reasonable attorney fees) (collectively, "Damages") for personal injury or death to persons and damage to each other's physical property or facilities or the property of any other person to the extent arising out of, resulting from, or caused by the negligent or intentional and wrongful acts, errors, or omissions of the indemnifying Party. This indemnification obligation shall apply notwithstanding any negligent or intentional acts, errors or omissions of the indemnitees, but the indemnifying Party's liability to pay Damages to the indemnified Party shall be reduced in proportion to the percentage by which the indemnitees' negligent or intentional acts, errors or omissions caused the Damages. Neither Party shall be indemnified for its Damages resulting from its sole negligence or willful

misconduct. These indemnity provisions shall not be construed to relieve any insurer of its obligation to pay claims consistent with the provisions of a valid insurance policy.

10.2

Each Party's liability to the other Party for any loss, cost, claim, injury, liability or expense, including reasonable attorney fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

11.0 AMENDMENTS

No alteration or amendment to this Agreement shall be effective unless set forth in a written amendment signed by the authorized representatives of each of the Parties.

12.0 INTEGRATED AGREEMENT

This Agreement, the Lease, and the PPA embody the entire agreement between City and Generator with respect to the Facility and its interconnection as described herein. In the event of any discrepancy or inconsistency between the terms of the PPA and this Agreement, including Exhibits thereto, the terms of the PPA shall control. No other understanding, agreements, conversations, or otherwise, with any officer, agent, or employee of either Party prior to execution of this Agreement shall affect or modify any of the terms or obligations contained in such agreements. Any such verbal agreement shall be considered as unofficial information and in no way binding upon such Party.

13.0 NO THIRD PARTY BENEFICIARY

This Agreement shall not be construed or deemed to be an agreement for the benefit of any third party or parties, and no third party or parties shall have any claim or right of action under this Agreement for any cause whatsoever.

14.0 NOTICES

All notices required or permitted under the terms of this Agreement, unless otherwise provided herein, shall be in writing and communicated to the Parties as specifically provided in the PPA. In addition, Generator's designated contact for all communications regarding operations of the Facility, including Emergency Conditions, is:

Steve Simmons
1231 Buena Vista Road
Watsonville, CA 94076
Office: 831-728-4589
Cell: 831-970-1026
Home: 831-761-5388 (emergency only)

15.0 REACTIVE POWER

In the event that City requests Generator to operate the Facility in a manner that results in reactive power outside the limits described in the Application, the Parties shall meet and confer to determine the compensation to be paid to Generator.

16.0 RELATIONSHIP OF THE PARTIES

Generator is an independent contractor; nothing herein is intended to create or is to be construed as creating a joint venture, partnership, agency, or other entity. The rights and obligations of the Parties with respect to the subject matter of this Agreement shall be independent of one another and shall be limited to those expressly set forth herein.

17.0 ASSIGNMENT

17.1

Either Party may assign this Agreement with the prior written consent of the other Party, which consent will not be unreasonably withheld, conditioned, or delayed. This Agreement and all of the provisions hereof are binding upon, and inure to the benefit of, the Parties and their respective successors and assigns.

17.2

Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement.

17.3

Generator shall have the right to assign this Agreement, without the consent of City, for collateral security purposes to aid in providing financing for the Facility, provided that Generator provides City with reasonable notice of such assignment. The terms and conditions set forth in Section 14.08 of the PPA shall govern assignment of this Agreement for financing purposes.

17.4

Any attempted assignment that violates this paragraph 17 is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof.

18.0 DISPUTES

In the event of a dispute arising out of this Agreement, the Parties agree to comply with the dispute resolution provisions set forth in Section 14.06 of the PPA.

19.0 GOVERNING LAW; VENUE

This Agreement shall be governed by, construed under and enforced in accordance with the

laws of the State of California. Venue shall be proper only in state and federal courts located in Santa Clara County, California.

The Parties acknowledge and accept the terms and conditions of this Agreement as evidenced by the following signatures of their duly authorized representatives. It is the intent of the Parties that this Agreement shall become operative on the Effective Date.

(signatures on following page)

CITY OF SANTA CLARA, CALIFORNIA
a chartered California municipal corporation ("City")

Jennifer Sparacino
City Manager

Approved as to Form:

Helene L. Leichter
City Attorney

Attest:

Rod Diridon, Jr.
City Clerk

AMERESCO SANTA CLARA LLC,
a Delaware limited liability company ("Generator")
By Ameresco Inc., its' sole member, by:

Signature

Joseph D. Manche

Joseph D. Manche, EVP
Type or Print Name and Title

Signature

Type or Print Name and Title

EXHIBIT A

One-line Diagram showing the Facility, Interconnection Facilities and
Metering Equipment

